NOMINATION FORM

NOMINATION CATEGORY: (Please check one only. A separate nomination form is required for each category nominated)

___ Budget and Performance Integration
___ Strategic Management of Human Capital
___ Expanded Electronic Government
___ Competitive Sourcing
_X_ Improved Financial Performance

1. Name of Organization:
Federal Aviation Administration Logistics Center (FAALC)

2. Parent Agency or Department:
Federal Aviation Administration/Department of Transportation

3. Organization Point of Contact:
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4. Certification: The senior most person in the applicant organization must sign below: I certify that, to the best of my knowledge, the information contained in this application is accurate.

Norman Bowles
Printed Name

Program Director, FAA Logistics Center
Title

_____
Signature

_____
Date

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Oklahoma City, OK 73125

5. Agency/Department Endorsement:

Lindy Ritz
Printed Name

Director, Mike Monroney Aeronautical Center
Title

_____
Signature

_____
Date

Organizational Background
(PQA 2002):

What is your mission?

The Federal Aviation Administration Logistic Center (FAALC) ensures the safety of the flying public by providing material support, high quality electronic equipment repair, engineering services, inventory management, and other related services for the National Airspace System and other valued customers.

It serves as the central supply and maintenance facility for the Federal Aviation Administration, ensuring the safety of aviation by providing support services to maintain the operation of 54,000 National Airspace Systems located at 28,000 facilities. These systems include: air traffic control towers, radar systems, air navigation systems, runway lighting systems, and others. It ships more than 1.2 million parts annually.

The Logistic Center is responsible for providing parts support for 39 Federal Aviation Administration owned aircraft used for flight inspections, research, and development. Additionally, the FAA Logistics Center provides support to certain Department of Defense (DOD) activities, international customers, and other government entities.

The Logistics Center provides $120 million of products and services in sales, with $480 million in inventory. The three major Federal Aviation Administration Logistic Center structures are the Logistics Support Facility (LSF), Thomas Road Facility (TRF), and the Technical Support Facility (TSF). The LSF is comprised of 15 acres of distribution and repair facilities under one roof, 17 acres of outdoor steel and cable storage, and a state-of-the-art hazardous materiel building. The TRF is comprised of 237,000 square feet (over 5 acres) of storage space. The TSF is a new state-of-the-art engineering facility designed to ensure that all repairs are accomplished in a controlled environment.

What are your primary strategic goals and objectives?

The Logistics Center's primary objective is to support the Federal Aviation Administration in such a manner that the agency provides increasingly better service to the American public. In addition, the Logistics Center's goal is to move the agency toward that objective by becoming leaders in innovation within the federal government.

The three primary strategies used to achieve the mission and position the Logistics Center for continued success are:

- Raise its performance to be best in class within the federal government, thereby FAA benefits.

- Improve, influence, and change the way the Federal Aviation Administration works to become more business-like, thereby the flying public benefits.

- Be a source of innovation and spread success throughout the government, thereby the taxpayer benefits.

The Logistics Center was the only non-military related organization recognized at the 2000 and 2001 Excellence In Government conferences. It was awarded the Presidential Quality Merit Award in 2000 and was recognized as Presidential Quality Award finalist in 2001. As a prime example of leadership and innovation, the Logistics Center participated in the American Productivity and Quality Center conference in April 2001. Logistics Center Director, Norman Bowles addressed and led the "Using the Malcom Balridge Approach to Lead Organizational Transformation" module. The Logistics Center was again portrayed as a leader in innovation and change in the June 2002 edition Government Executive Magazine. The article entitled, "Change Is In The Air" discusses how the Logistics Center transitioned to a more business-like operation and the impacts of the change on the overall agency.

The Logistic Center's strategic plan has been used as a model for strategic plans in many government agencies and several international communities. It is also featured in Ted Gaebler's latest book: "Positive Outcomes, Raising the Bar on Government Performance." There also is a chapter in a book published by Management Concepts devoted to the Center's strategic plan.

On August 12, 1998 the Logistics Center was the first organization within the Federal Aviation Administration to earn ISO 9000 certification. Through discipline and hard work, the Logistics Center has continued to maintain its ISO certification and is currently working toward obtaining certification of the newest ISO standard. ISO certified organizations can claim that they have a documented quality system implemented and consistently followed. The Logistics Center consistently supplies quality products and services to its customers which provides the flying public with a better quality air traffic control system. The Logistics Center also helped Tinker Air Force Base and other organizations obtain ISO 9000 certification.

The Center has written and published an innovative guide to change entitled, "A Taste of Reinvention: Change Recipes From the Heartland." This is a creative instruction manual about how to take an organization through major change. The Logistics Center has promoted and shared its best business practices within government and private sector entities. For example, the Logistics Center wrote and published a booklet entitled "Boosting Government Performance Using A Private Sector Approach." This booklet describes the Logistics Centers change management process and outlines the benefit of operating like a business. The booklet was updated and re-titled "Paradigm Shift: Changing Government Using Private Sector Strategies." Thousands of copies have been distributed throughout the government sector.

Who are your primary customers?

The Logistics Center provides logistical support for the agency by providing products and services to and for people using the National Airspace System. Its customers include the

following:

- 6,000 field customers who require approximately 45,000 different types of parts for the air traffic controllers and air traffic system at 28,000 locations.
- Government agencies: United States Navy, United States Army, United States Air Force, and other Department of Defense organizations and government agencies
- Foreign governments: Bahamas, Belgium, Bermuda, Israel, Panama, and Switzerland

What is your primary product or service?

The Logistics Center's primary products and services are depicted below.

- Repair, fabrication, and overhaul of air traffic controller's equipment and systems, including centralized repair and site overhaul;
- Storage, distribution, and transportation of National Airspace System parts and supplies;
- Technical consulting services related to the sustainment of National Airspace System Life cycle planning related to acquisition, support, maintenance, and decommissioning;
- Engineering design and production;
- Providing web-based E-procurement that reduces acquisition time (Administrator of "Results");
- Providing innovative of products and solutions

How many employees do you have in your organization? (List by type of employee e.g. Federal Government Contractor.)

The Logistics Center's workforce is comprised of 558 full time, permanent federal government, 31 temporary, and 120 contract employees. Skill types vary from engineers, inventory managers, technicians, electronics specialists, equipment specialists, to various administrative, customer service, and consulting positions. These men and women work together to ensure the successful accomplishment of the Logistics Center mission by ensuring that day-to-day operations are completed in the most efficient and cost-effective ways.

Improved Financial Performance

(a). Describe your efforts to improve timeliness, usefulness, reliability of, and access to financial management data such as operating expenses, budgets, cost data, erroneous payment rates, inventory, receivables, payables, etc., that support day-to-day operations.
The Federal Aviation Administration Logistics Center has operated under the principle that high performance and sound fiscal management is optimally obtained when the government operates like a business. The Logistics Center has put these principles to the test demonstrating that business approaches not only improve the timeliness, reliability of, and access to financial management data. These business advances have improved the internal performance of the Logistics Center while influencing the performance of much of the Federal Aviation Administration and other organizations that interact with the Logistics Center. As a result of Logistics Center changes there is much greater awareness of operating expenses, costs, inventory, etc., in the day-to-day management of the National Airspace System. The goal is to not only change the Logistics Center and the Federal Aviation Administration, but to successfully export these practices to other agencies of the federal government.

Financial Change For five decades, the Federal Aviation Administration utilized the "free issue" system to support the nation's airspace system. "Free issue" means that all support is provided free of charge. While operating under this system, the Logistics Center received $120 million allocation (appropriated funding from Congress) to buy parts and issued them free on demand to customers in the field (see figure 1).

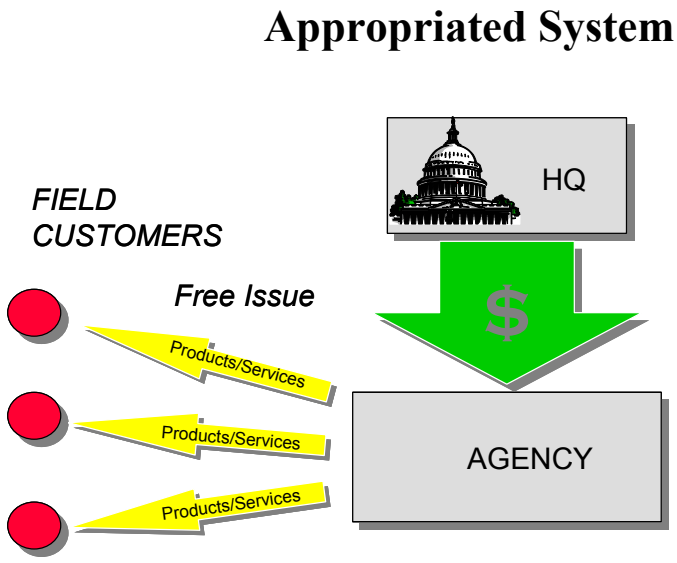

Figure 1.

When items such as supplies or equipment are provided free, it is often difficult for the recipient to realize the true value of these items. Consequently, expensive items are treated the same as items costing less. Rare items are given the same treatment as common items. Over the years, most major agencies with large logistics operations such as the Army, Air Force, Navy, General Supply Administration, etc. have abandoned this type of system because of the negative effects it

produces on operations. The biggest problem with the free issue approach is that there is virtually no visibility of costs, obsolescence, or quality issues, and it masks accountability for asset management.

In 1996, the Logistics Center realized that in order to improve its performance and, more importantly, that of the Federal Aviation Administration, it had to change its financial system. The Logistics Center proposed moving to a pay as you go system that utilizes a revolving fund (fee-for-service) similar to that found at other major federal logistics organizations. Under this approach, the Logistics Center's funds reverted to the customers of the Logistics Center. The customer would then pay full price for the parts and services that they ordered.

In 1999, the Logistics Center, in conjunction with its customer organization, Airway Facilities, moved into a "store credit" system. This was a first transitional step until Congress approved the Logistics Center entering into a revolving fund system. Federal Aviation Administration customers were given "store credit" allocations equaling the entire budget of the Logistics Center as well as responsibility for purchasing parts and services using their "store credits." In 2000, Congress approved inclusion of the Logistics Center as a service activity under the Federal Aviation Administration franchise fund. The Logistics Center began tracking sales in a way that allows customers to see what was being spent. The Logistics Center in conjunction with Airway Facilities moved into a complete fee-for-service system. The Logistics Center $120 million allocation now belongs to its customers. The Logistics Center retained no funding, not even funding for salaries (see figure 2).

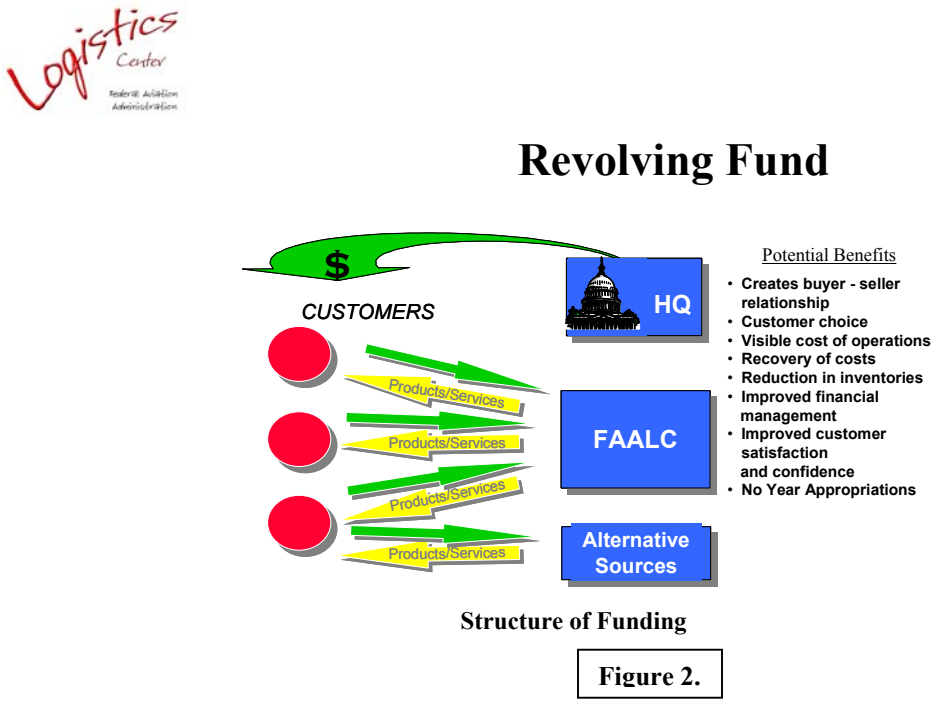

Figure 2.

In 1996, the Logistics Center recognized that in order to keep customers who would be able to go elsewhere, it would have to perform at a level of customer satisfaction, quality, and speed of service that could not be matched by any competitor. If the financial system were going to

change in three years, the entire business and operational performance would have to change in two years.

Use of Employee Teams - Preparing the Logistics Center for the Future Leaders realized that making changes one at a time would be too slow. All the changes had to be simultaneous. Management learned early in the transformation process that if the entire workforce was neither aware of nor involved in the direction the organization was headed, it would be impossible to change the direction and achieve future goals. Therefore, about 10 to 20% of employees, all experts in their areas were pulled from their jobs to work exclusively on tasks such an investigating best practices within the private sector and government organizations or on implementing improvements.

Each employee team focused on a different business, financial or operational area—such as cost and performance, quality, asset management, automated financial tools, etc.—that needed to be improved. These teams conducted benchmarking visits to recognized "best practice" sites such as Texas Instruments, City of Phoenix, Department of Defense top performer logistics facilities, etc. to identify business processes that could be adopted to improve the Logistics Center. The payoff was significant. As a result of improvements made by the teams and their benchmarking experiences, inventory accuracies increased from 95% to 99%.

After visiting a Department of Defense facility, the employees decided to adopt the Defense agency's trouble-shooting approach to find out why parts listed as being in stock were not available when customers needed them. Like the military depot, the Logistics Center now has a team that conducts a review whenever an item supposed to be in stock is not on the shelf. The added attention has cut the Logistics Center's rate of unavailable stock from 18 for every 1,000 items ordered in 1998 to two for every 1,000 items in 2001.

Realigning to a Business Structure In 2001, a Government Accounting Office report to Congress stated: "FAA's Logistics Center saw the need for operating like a private sector business and envisioned the organizational and operational changes required to do that" (GAO-01-1070). The Logistics Center reorganized into a business structure with product lines (see figure 3).

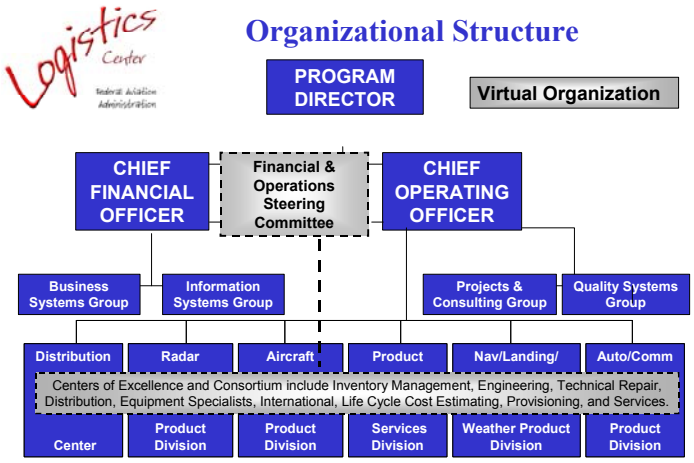

Figure 3

Each product division is completely self-contained with a full range of employee and managerial skills and disciplines needed to produce a quality product and/or service. This type of structure provides complete accountability within each individual product/service line. The new organizational structure is fast, mobile, and designed for quick change.

Two co-equal positions were created: a Chief Financial Officer and a Chief Operating Officer. Although the Product Division report directly to the Chief Operating Officer, the Chief Financial Officer has equal responsibility for evaluating the performance of each Product Division Manager. This ensures that the entire organization places equal emphasis on financial management as it does on operations.

The Product Divisions are the source of customer sales for products and most services provided by the Logistics Center. With actual divisions dedicated to specific product lines (e.g. radar, aircraft, and communications), the Logistics Center can ensure much higher efficiency and customer satisfaction. As a direct result of this process improvement, questions from contract specialists are being resolved in one day instead of the previous average of five days; this is an 80% reduction in response time. Engineering drawings are being requested and received in one day instead of the previous average of three days; this is a 66% reduction in response time.

Within the formal structure exists a virtual organization. The virtual organization is comprised of the Centers of Excellence, the Cross-Functional Consortium, and the Financial and Operations Steering Committee. The Centers of Excellence are responsible for managing and continually assessing their work processes and instructions and for maintaining the excellence for their respective disciplines (e.g. inventory management, engineering, equipment specialists, technicians). The Cross-Functional Consortium is comprised of a member of each Center of Excellence. The consortium exists to provide a forum in which to discuss the organization-wide impact of changes and to coordinate changes. The Financial and Operations Steering Committee resolves issues and makes decisions when there is an impasse. The actions and resolutions from the cross-functional consortium are in direct support of the four specific performance goals established by senior management and focus on root cause solutions in an effort to reduce shipping defects, reduce product defects, reduce shipping time, and improve retained earnings.

As an example of a major business investment, the Logistics Center significantly increased its funding for training and business processes in the areas of finance and operations. One of the top corporate goals is to develop, train, and retain current employees. The Logistics Center put a major emphasis on training designed to foster a customer driven business. The Logistics Center has trained its entire workforce in business practices and to focus on customer satisfaction. Another major business investment was in the area of ISO 9000. All managers, as well as many employees, received ISO 9000 audit training. The result was that the Logistics Center obtained ISO certification in record time compared to other similarly sized organizations, and it was achieved under budget. ISO places a premium on process improvement so that operations efficiency improved along with quality.

In order to raise the cost visibility of logistics support, significant changes have been made to the

existing Logistics and Inventory System to show the complete costs associated with the sale and/or repair of parts. These changes have raised customer awareness of true support costs and have driven favorable customer behavior changes resulting in lowered costs for the overall agency. Due to the increased visibility of costs, the Logistics Center and its customers can now address the rising costs of obsolescence.

(b) Describe how your financial management systems have been designed/reengineered to ensure that decision makers have accurate, timely, and useful information. Conversion to a private sector type business strategy required almost a wholesale redesign of the financial system. The need to respond quickly to changing markets, customer demands, technological changes, and other external factors led the Logistics Center to hire the comptroller of Fleming Foods, the nation's largest food distribution company. His primary focus was to change the financial system to work like the private sector.

Logistics Center funds were invested first in business tools, and then in operations. This reversal in priorities resulted in immediate performance improvements. The reason that placing business investments ahead of operational investments in priority is that the ability to see payoffs is so much greater. Improved business tools that permitted better financial and cost analysis and performance measurements, made it possible to achieve higher operational performance with fewer resources.

The Logistics Center and Federal Aviation Administration use several different financial and inventory databases. Those systems have specific limitations in providing the required functionality for today's operational environment making it difficult to use the databases in the most efficient way. Nonetheless, the Logistics Center has managed to create sophisticated financial management tools with the current systems it has.

An Oracle based Datamart provides faster statistical and financial analysis. It provides monthly financial statements used to measure the effectiveness of expended resources by providing a breakdown of profits and losses by organizational product lines. This relational database allows users to analyze historical information from multiple perspectives. The business rules in Datamart translate how inventory transactions are processed through the Logistics and Inventory System and impact the Logistics Center's financial standing. Data can be analyzed in a variety of ways including costs of goods sold, margin, sales trends, and inventory turnover rates.

Enterprise Resource Planning is a combination of financial, supply chain, and customer relationship management systems that share a common set of data. An Enterprise Resource Planning solution called Logistics Center Supply Support System that will replace the existing inventory system. Logistics Center Supply Support System will provide additional, better business tools and solutions. Additionally, it will ensure fact-based decisions by providing an accurate, real-time, consolidated source for tracking and managing all Logistics Center assets. This solution is projected fully operational by FY-04 depending on funding.

(c) Describe how your financial management information is used to ensure your desired outcomes and affect performance? The Logistics Center has used financial information in two major methods – one very unique and the other more traditional – to ensure desired outcomes

and affect performance.

The first method was to change the system under which the Logistics Center's customers received parts and services. By creating a setting where customers were given logistics support funds and were required to pay for parts and services, the customers are now able to see prices. The visibility of prices, coupled with the fund tracking systems, incentivized customers to change their ordering behaviors. Customers started ordering only as many items as they needed because they could use any savings they could accrue for other mission purposes. The Logistics Center enhanced customer behaviors by providing data about the top 15% of items that were driving 80% of their costs. Ordering and financial information that could help customers to make better decisions was quickly produced and passed on to the customers.

The second method is to use financial and performance data continuously to evaluate the internal Logistics Center operations, managers and employees. The Logistics Center establishes, maintains, and updates performance measures aligned with corporate goals to evaluate its financial and organizational health. Some of the financial and operational measurements used monthly are: sales mix, inventory accuracy, defective products, warehouse refusal rates, cycle time, and delivery rates. Logistics Center managers and supervisors use the financial and operational information contained in "Datamart" and the "Logistics and Inventory System" to review specifics regarding the financial and operational performance at all levels of the organization.

The transition from an appropriation-based system to a system based on revenues, product, and service sales required the development and implementation of a variety of financial management tools. These tools provide management with financial and performance data that enables them to make better and more effective decisions regarding organizational performance. The "Financial Status Report" is a financial management tool that provides a weekly comparison of actual to planned obligations and remaining balances by budget category for each product division, support group, or work center. This data allows management to readily identify excessive obligations in all areas of the organization and indicate those areas where changes to planned spending are necessary. Internal profit and loss statements such as those used in the private sector provide managers with a more business-like financial view of operations. These statements are produced and published on a monthly basis along with an analysis from the Business Systems Group. Management utilizes twenty different financial reports to continually assess and improve the Logistics Center's business performance.

The Logistics Center annually prepares an organizational business plan that incorporates business plans from each specific product/service line. This plan projects sales and expenses for the next year and provides a basis for allocating planned expenditures in the Financial Status report. It also reflects the product division, support group, or center manager's view of planned activities during the next fiscal year. The flash report is another financial tool used to summarize revenues and obligations and provide a bi-weekly status report of overall financial standing to the Corporate Committee. This data is used to keep managers more cost conscious and accountable for bottom line financial results.

The Strategic and Financial Plan The strategic plan is a tool used to guide managers,

supervisors, and employees in making the most efficient and effective financial business and operational decisions. The plan is based on the balanced scorecard approach and contains the strategic goals, measures, and targets from four all-encompassing areas of the organization. The four perspectives are customer, financial stakeholder, internal business, and learning and innovation. The Logistics Center's strategic plan has been used as a model for strategic plans in many government agencies and management training institutions. The strategic plan is featured in Ted Gaebler's latest book, "Positive Outcomes, Raising the Bar on Government Reinvention" and a management training guide published and used by Management Concepts.

Performance Measures Remarkable financial and performance improvements resulted from aligning organizational performance goals to the strategic plan. All managers' performance plans were linked to the strategic plan, and all business plans and goals were linked to the strategic plan. All of the managers have performance measures related to organizational performance and the bottom line.

To show employees exactly how their individual performance ties directly to the Logistics Center's strategic initiatives and goals, employees' individual performance plans were also linked directly to the strategic plan in at least one support group. Specific outcomes of the individual performance plans are related to the four perspectives used in the balanced scorecard approach. Some of the employee's standards relate directly to financial outcomes. Additionally, each employee assisted in developing his/her own performance plan with the encouragement of team leads and division managers. The final result is an employee input based performance plan directly aligned with the Logistics Center's strategic plan and a focus on results-oriented measures regarding accomplishments rather than activities.

Bonus Goals Development of the Workforce Recognition Program has boosted productivity and organizational performance by linking day-to-day operations directly to organizational goals and objectives at all levels. This program provides additional incentives for managers and employees to meet or exceed their individual performance plans. The program contains objectives that relate to quality, cycle time, finances and retained earnings. The bonus could be up to $500 per employee. An informal award plan was implemented to reinforce productivity and provide incentives for employees to perform above and beyond specific job duties/functions. This on the spot recognition is also tied to employee behaviors that improve finances or performance. The reward system is linked with a local employees association store that stocks 50 different items that the employee can select when they redeem their award coupons.

(d). Results. The Logistics Center's financial changes created enormous results both in the Logistics Center and the agency as a whole. This resulted in better performance of the airspace system, more accountability and cost visibility throughout the air traffic system, direct savings, better investment decision making capability in the modernization and sustainment process, and better financial accounting of inventory and funds.

National Airspace System wide results Implementation of revolving fund required customers to pay for parts and services rather than receive them free. The transition resulted in major changes in field behavior with respect to parts ordering, management, and storage. Instead of ordering unlimited "free" parts, field personnel ordered only what they needed, and implemented

careful management and accounting of assets after they received them. Figure 4 below illustrates just some of the changes in behaviors. Demands for parts dropped significantly, and when parts needed to be returned the field was incentivized to do that quickly in order to obtain refunds or reimbursements. Because they were paying for transportation costs, their high priority (overnight) orders dropped by 21%. In FY 2002 the Logistics Center's primary customer, Airway Facilities, directly saved $12.6 million that was subsequently used to cover the cost of increased security throughout the air traffic control system that was necessitated by 9/11.

Outcomes & Results of the Logistics Center Financial Change

	FY99	FY02Annual	% Change From	FAA Predicted	
Demands	2,906,401	1,646,535	Down 43.3%	Down 10%	Total Quantity Ordered
Return Rates	93.85%	95.1%	Up 1.25%	Up 5%	Returned compared to shipped
Return Times	29 Days	26 Days	Down 10.3%	Down 50%	Average days returned
Material Availability	92.10%	93.94%	Up 1.84%	Up 12%	Requisition fill rate
High Priority Requisitions	67,612	52,909	Down 21.7%	Down 10%	P1 and P2 issued
High Priority Response Time	*49.4%	91.8%	*Up 42.4%	Up 10%	% all priorities filled within 24hrs.
Backorders	1,774	436	Down 75.4%	Down 11%	Total Number of Backorders at month or year end

*Calculated from FY97 data

Figure 4

This direct savings was in addition to the other many benefits that resulted. For example, the field now could make better investment decisions regarding the repair versus buy decision. Instead of paying $28,000 to repair black and white radio monitors, the field started purchasing lower maintenance color monitors for only $7,000. Instead of repairing radios for more than $1,000, the field could purchase new radios for $400 or less.

The Logistics Center's change to revolving fund also resulted in the end of a substantial hidden subsidy within the agency. New facilities and operations are funded from two separate different appropriations; the two funds are not supposed to be mixed because if operations funds were to be used for constructing new facilities, this would deplete the funds needed to run the air traffic system. For many years, modernization projects were subsidized by operational maintenance funds without agency knowledge. When project managers for new airspace system facilities ran out of construction funds, they would turn to their operational counterparts and ask them to order "free" parts from the Logistics Center so they could complete their projects. However, this would leave fewer parts to keep the air traffic system operating. This behavior literally stopped overnight with the advent of fee-for-service. An example, in 1999, the Doppler Weather Radar system installation effort at Las Vegas' airport ran out of funds, and the project manager turned to his counterpart to get more parts. The response this time was, "I am not going to spend my

funds to complete your project." The result was that the modernization project came to a halt until the agency could find a proper fix to the problem, and subsequently all new projects were ensured sufficient funds for completion without a subsidy from operators of the airspace system.

Logistics Center's Results The Logistics Center's financial changes also produced huge results within the Logistics Center. Costs reduced, manager and employees accountability increased, performance increased exponentially, cycle time reduced, customer satisfaction increased, etc. As a result, the Logistics Center itself became a benchmark site in many different categories including strategic planning, financial management, logistic services, change management, customer service, employee empowerment, and innovation. The Logistics Center is among the best - if not the best - in its class in the federal government.

In just six years, the Logistics Center was able to transition from a moderately performing government entity to a high-performing government business that is exporting its improvements to its agency and to other agencies. An illustrative composite of Logistics Center performance charts is shown in Figure 5. The Logistics Center today is managed by performance and financial charts such as these on a daily basis. These charts show how distribution center refusals are down, shipping errors are down, and inventory accuracy is up.

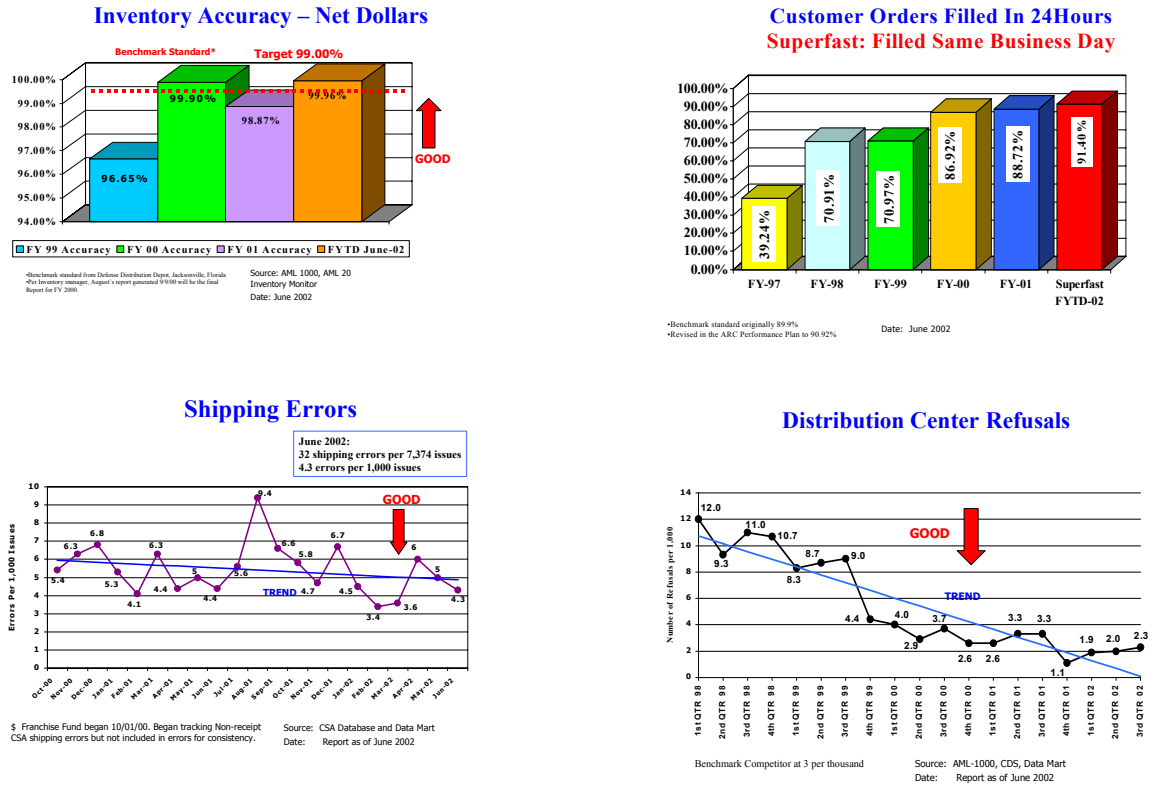

Figure 5

The graph entitled (Customer Orders Filled In 24 Hours) is an example of an improvement that occurred as a result of going to fee-for-service. In 1996, fewer than 40% of customer orders

were shipped within 24 hours. Because the Logistics Center needed to show value added to customers who would soon have a choice where to buy parts or services, the Center worked hard to improve shipping strategies. Today 91% of customer orders ship within 24 hours. This service is brand-named Super Fast. If the customer places his/her order by 2:00 pm, the Logistics Center pledges to ship that same day.

Export of Logistics Center Results throughout the government The Logistics Center's success has aided its efforts to export financial and performance change techniques to the Federal Aviation Administration and other agencies. Because of other agencies' interest in the methods used to achieve Logistics Center results, it has published two change management books: "Change Recipes from the Heartland," and "Boosting Government Performance using a Private Sector Approach" (later updated and republished as "Paradigm Shifts: Changing Government Using Private Sector Strategies.)" The Logistics Center continues to receive requests for these booklets, and the books are used in at least one Department of Agriculture management school class.

Other government organizations have recognized the Logistics Center's business success. A General Accounting Office report to Congress cited the Logistics Center as one of five model organizations for employee empowerment (GAO-01-1070.) The Office of Personnel management awarded the Logistics Center an "honorable mention" Pillar Award for innovation in employee performance measurement. Imitation is the best form of flattery and because the Logistics Center achieved ISO certification, half a dozen other Federal Aviation Administration organizations have obtained or are seeking certification.

In 2000, the Logistics Center was awarded the President's Quality Merit Award and was the only "domestic" agency to be recognized in the President's Quality Award process. In 2001 it was awarded the President's Quality Finalist Award, and it and the Department of Veterans Affairs were the only two non-Department of Defense organizations to receive recognition.

Interest in how the Logistics Center achieved business success is also sufficiently great that government oriented news media have reported on the events of the Logistics Center. Government Executive Magazine has reported on the Logistics Center numerous times over the past several years, and in June 2002, ran a six-page article, "Change is in the Air" on the business changes at the Logistics Center. In March of 2002, PwC's Business of Government radio show featured an hour-long interview with the Logistics Center director on business changes. In 2001, the Reason Foundation Public Institute released a 62-page report on air traffic control privatization and cited the success of the Logistics Center's transition to a business and its substantial performance change as proof that converting the air traffic control system to a business would result in a better airspace system.

Listed above are just a few examples of the accomplishments that the Logistics Center has achieved as a result of transitioning from an appropriated system to a "fee-for-service" system. These results show that a strong focus on government finance produces not only better financial accountability but also major operational benefits.